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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

BAC1054 – PRINCIPLES OF MANAGEMENT ACCOUNTING

(All Sections/ Groups)

1 MARCH 2019
9:00 A.M – 11:00 A.M
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 5 pages with 5 questions.
2. Answer ALL questions.
3. Write your answers in the answer booklet provided.

QUESTION 1**Part A**

B&B Fabricator makes steel structures used in the oil and gas industry. Bella, the controller of B&B Fabricator provides you with the following data for the accounting period ending 31 December 2018:

	RM
Beginning raw materials inventory	15,000
Beginning WIP inventory	32,000
Beginning finished goods inventory	8,200
Ending raw materials inventory	13,500
Ending WIP inventory	25,000
Ending finished goods inventory	10,300
Sales revenue	400,000
Purchases of raw materials	86,000
Payments for direct labour costs	134,500
Factory overhead charged to products	67,250
Other expenses	95,000

Required:

- (a) Prepare a schedule of Cost of Goods Manufactured for the accounting period. (6 marks)
- (b) Prepare the Statement of Profit or Loss for the accounting period. (5 marks)

Part B

An airplane manufacturer incurred the following items:

1. Airplane seats	6. Jet engines
2. Depreciation on administrative offices	7. Machine lubricants
3. Assembly workers' wages	8. Cost of warranty repairs
4. Plant utilities	9. Machine operators' health insurance
5. Production supervisors' salaries	

Required:

Classify the above items into the following categories: direct materials, direct labour, manufacturing overhead and period cost. (9 marks)

[TOTAL 20 MARKS]

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QUESTION 2**Part A**

The gross earnings of factory workers for Twinkle Berhad during the month of January are RM400,000. The employer's payroll taxes for the factory payroll are RM80,000. Of the total accumulated cost of factory labour, 75% is related to direct labour and 25% is attributable to indirect labour.

Required:

- (a) Prepare the journal entry to record the factory labour costs. (1.5 marks)
- (b) Prepare the journal entry to assign factory labour to production. (2 marks)
- (c) Prepare the journal entry to assign manufacturing overhead to production, assuming the predetermined overhead rate is 125% of direct labour cost. (1.5 marks)

Show all the workings.

Part B

Eglo Electronics manufactures its products in three categories: basic, deluxe and premium. The company uses activity-based costing to assign manufacturing overhead to these three product categories. The following tables contain data pertaining to the company's activity-based costing:

Activity Cost Pool	Cost Driver
Materials handling	Direct materials cost
Engineering	Engineering change notices
Power	Kilowatt hours

	Basic	Deluxe	Premium
Direct materials cost	RM25,000	RM50,000	RM125,000
Direct labour cost	RM4,000	RM1,000	RM3,000
Kilowatt hours	50,000	200,000	150,000
Engineering change notices	13	5	2

Manufacturing overhead costs for the month were as follows:

	RM
Materials handling	12,000
Engineering	20,000
Power	16,000
Total manufacturing overhead	48,000

Continued...

Required:

- (a) Calculate the activity based rates for each product category. (4.5 marks)
- (b) Calculate the manufacturing overhead costs assigned to each product category. (10.5 marks)

Show all answers (including workings) in a table format.

[TOTAL 20 MARKS]

QUESTION 3

Austin Quarry produces crushed limestones used in the construction of roads and highways. To produce the crushed limestones, the company puts blocks of limestone rocks into the crushing process.

Suppose that on 1 January 2018, the company has 24 tons of rock (75 percent complete) in the crushing process. The cost of that beginning work in process inventory was RM6,000 (materials of RM2,880 and conversion cost of RM3,120).

During January, the company added 288 tons of rock from its quarry and remained 15 tons in process with an average of one-third completed. Direct material cost was RM34,560 and the conversion cost was RM40,670.

Required:

Prepare a production cost report for the month of January 2018.

(20 marks)

[TOTAL 20 MARKS]

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QUESTION 4

The management of Speedy Sdn. Bhd. has agreed on the following requirements for the company's 2018 budget:

Expected Sales:

1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
6,000 units	7,000 units	8,000 units	9,000 units

Ending Raw Materials Inventory: 50% of next quarter's production requirements

Ending Finished Goods Inventory: 30% of next quarter's expected sales units

Beginning raw materials inventory for year 2018 is 9,450 pounds while beginning finished goods inventory for year 2018 is 1,800 units. Three pounds of materials are required to make one unit of finished product. The cost of raw materials is expected to be RM2 per pound purchased.

Required:

- (a) Prepare production budget, by quarter, for the first six-months of year 2018. (7.5 marks)
- (b) Prepare direct materials budget, by quarter, for the first six-months of year 2018. (12.5 marks)

Show all the workings.

[TOTAL 20 MARKS]

QUESTON 5**Part A**

Tropicana Bar operates a food stall business selling fruit juices. The juices sell at a price of RM3 per glass and each glass costs an average of RM2.20.

Tropicana Bar hired two assistants for a monthly salary of RM1,500 for each assistant. The rent, utilities and other fixed overhead costs are RM5,000 per month.

A recent increase in the price of fresh fruits has seen Tropicana Bar cost for each glass increased to RM2.50. Due to increasing demand for its products, Tropicana Bar is planning to expand its capacity which will add RM2,000 to the monthly fixed overhead costs.

Continued...

Required:

- (a) Calculate contribution margin per unit based on average cost of RM2.20 per glass. (2 marks)
- (b) Calculate break-even point based on the current cost situation. (2 marks)
- (c) Calculate the new contribution margin per unit based on average cost of RM2.50 per glass. (2 marks)
- (d) Calculate the new break-even point based on the new cost situation. (2 marks)
- (e) Suppose Tropicana Bar plans to earn net income of RM10,000 per month. Calculate the required sales units based on the contribution margin per unit calculated in (a). (2 marks)

Part B

BASH Chemicals produced three joint products at a joint of RM117,000. These products were processed further and sold as follows:

Product	Sales (RM)	Incremental Costs (RM)
A	230,000	190,000
B	330,000	300,000
C	175,000	100,000

The company has alternatives to sell these products at their split-off point for values of RM54,000, RM32,000 and RM54,000 respectively.

Required:

Determine whether the products should be processed further or sold at their split-off point. (10 marks)

[TOTAL 20 MARKS]

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